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RUEHFR/AMEMBASSY PARIS PRIORITY 0641
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DEPT FOR NEA/ELA, NEA/FOR, NEA/EX, EEB/ESC/TFS, L/EB
COMMERCE FOR BIS/SONDERMAN/CHRISTINO
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TAGS: [EAID](#) [ECIN](#) [ECON](#) [EINV](#) [PGOV](#) [PREL](#) [SY](#)
SUBJECT: US INTERNATIONAL GROUP INVESTS \$40M IN SYRIAN
PROJECTS

Classified By: Charge d'Affaires Chuck Hunter for reasons 1.4(b,d)

Summary

¶1. (C) The "Syrian Investment Agency" (SIA) announced the signing of a \$40M investment deal with the U.S. International Investment Group (USIIG) on August 13. The investment is for five projects in the eastern Syrian region of Dayr al Zawr in the food, engineering and chemical industries, among others. The director of USIIG's office in Syria said his investors are Iraqis who are more interested in investing in Iraq than Syria but see eastern Syria as an opportunity to invest in the region and position themselves to move quickly into Iraq should the security situation there improve. End summary.

Investments in Eastern Syria

¶2. (U) Econoff attended a press conference held by the "Syrian Investment Agency" (SIA) on August 13 to announce the signing of a \$40M investment deal with an organization called the "U.S. International Investment Group" (USIIG). The event was attended by about 60 business people. USIIG's initial investment will launch five projects in the eastern Syrian region of Dayr al Zawr. Press reports described the projects as including "...food, engineering and chemical industries as well as a fodder factory built over 35,000 square meters that will provide over 700 job opportunities." The SARG, which is seeking investment in drought-stricken eastern Syria to combat the significant economic downturn in the region, gave the USIIG event widespread local news coverage. USIIG's own press materials emphasized the group's desire to take advantage of the SARG's offer of: (1) a ten year tax-free zone for investment in the drought-stricken areas of eastern Syria; and (2) significantly cheaper land costs in eastern Syria.

¶3. (SBU) In a meeting prior to the press conference with SIA's General Director, Dr. Ahmad Abdolaziz, and the director of the USIIG's office in Syria, Abdulaziz Meslat, Meslat told Econoff that his group was looking for investment opportunities in Syria. He said they were not focusing on

any particular industries but were looking for attractive investment prospects of all kinds.

Iraqi-Backed Investments

¶4. (C) Meslat told Econoff privately that he is an AmCit originally from the Al Jezerra (northeast) region of Syria. Meslat said his investors were Iraqis more interested in investing in Iraq than Syria. The current security situation in Iraq, however, had increased their reluctance to invest there. He said his group saw eastern Syria as an opportunity to invest in the region and position themselves to move quickly into Iraq should the security situation there improve. Meslat also said that he received instructions from his backers not to invest in any projects in western Syria, particularly Damascus, due to the strong incentives for investing in the east and wariness of dealing with the SARG regime in Damascus.

¶5. (SBU) Press reports listed the investment for these initial five projects as 1.619B SYP (40M USD), but Meslat noted the total investment would be close to \$30M. Meslat, who also referred to his organization as the "American Investment Group," was vague on specifics about the group, except to say that they were headquartered in Florida and invested significantly in Latin America, especially Mexico. Meslat also said he had just completed a project in Malaysia.

Syrian Investment Agency

¶6. (SBU) The SIA, headed by Dr. Abdolaziz, a lawyer by profession, was recently established in the office of the Prime Minister with the assistance of the United Nations Development Programme (UNDP). UNDP Syria's National Project Director, Dr. Azfdachir Afsaa, and the Project Assistant, Mahir Simadi, told us UNDP had been working with the Prime Minister's office on a project entitled "Enhance the Investment Environment" to develop this agency with the goal of attracting foreign investment. Mr. Afsaa also said that there are plans to make this agency a ministry in the next one to two years. The SIA has two published web sites - www.syriainvestmentmap.org and www.investinsyria.org.

Comment

¶7. (C) The Syrian government's emphasis on foreign investment -- particularly from the U.S. -- reflects a recognition by some officials such as D/PM Dardari that Syria's economy lacks the necessary resources to promote development in some of the country's poorest areas. The vague description of USIIG's activities may suggest the group's commitment to Dayr al Zawr is momentary at best. We will continue to follow up with Mr. Meslat and others to track Syria's efforts to attract foreign investments.

HUNTER